



1392 National Budget Review



1. Introduction:

Public fiscal policies are developed to facilitate an environment for sustainable economic development, job creation, fair distribution of resources among different sectors and provinces for effective service delivery. Over recent years, the fiscal policy adopted by Afghan government besides maintaining macroeconomic and fiscal stability has focused on addressing security concerns, improving service delivery, investing in infrastructure, and facilitating growth of the private sector. The main objective of the government's fiscal strategy over the medium-term has been to ensure that domestic revenues gradually finance the entire operating budget and to attract more on budget support for realization of national priority programs.

This paper presents a review of 1392 national budget, produced by Afghan Coalition for Transparency and Accountability (ACTA). ACTA is a coalition of civil society organizations and associations as well as individuals at the national and community levels with the mission to promote transparency and accountability for public policies and resources by reviewing governance-related policies and strategies and using the national budget as one of the main advocacy tools for improving service delivery.

ACTA is reviewing the national budget with the aim to partner with the government for improving governance as well as to engage civil society in public resource allocation and execution processes. ACTA is intending to review national budget every year when it is submitted to parliament for approval in order to assist the parliament in review and approval of budget.

ACTA is also aiming to use the national budget as an advocacy tool for voicing concerns of people and advocate for transparent and accountable distribution of resources to sectors and provinces and delivery of effective basic service by state institutions. ACTA is aiming to use this paper for raising awareness of parliament, civil society and media on the 1392 national budget and advocate to government for implementation of recommendations of this paper.

It is worth mentioning that this review would not have been possible without cooperation of Ministry of Finance Budget and Treasury team who met ACTA team, shared information and promised to respond and take actions on the findings and recommendations of this review.

ACTA is also grateful to Counterpart International's USAID funded Initiative to Promote Afghan Civil Society (IPAC-II) Program for contributing to this process financially.

2. Executive Summary

The National Budget Review is providing a review of national budget to parliament, civil society and media.

The paper is dividing into three major parts. The budget at a glance part is providing information on overall budget providing a snapshot of domestic revenue, donors' assistance, ordinary and development budgets comparing 1392's figures with 1391. The paper further compares allocations of 1392 with 1391 allocations as well as up to date expenditure capacity of ministries both for ordinary and development budgets. The paper is also looking at the distribution of resources amongst the sectors/ministries and provinces and providing ACTA's view about.

There are several indicators such as Tokyo mutual accountability framework, distribution of resources to sectors/ministries and provinces, domestic revenue target and collection, gender responsiveness of national budget, fiscally sustainability of national budget and Afghanistan status on the Open Budget Index that ACTA has taken into account while reviewing the 1392 national budget. While ACTA provides its views about national budget against all these indicators, ACTA also gives recommendations for each of the indicators for government, parliament, international community and civil society for implementation.

There are also several other findings that ACTA noticed during budget review which are mentioned under section of "**Other Findings**" in this paper.

Summary of domestic revenue, donors' assistance, ordinary budget and development tables are all attached with this paper so that readers can refer to the relevant table if they are interested to review details of figures.

3. Budget at Glance

3.1. Budget Allocations

The 1392 Budget sets ambitious targets for the budget cycle. The proposed budget for the year 1392 is AFN 366.235 billion (USD\$ 7.043 billion) which shows 43 percent increase in comparison with 9 months and 16 percent increase in comparison with 12 months of last year budget.

- **Domestic Revenue** - The government had estimated AFA 122.527 billion (USD\$ 2.356) the domestic revenue for year 1392 which shows 33 percent increase in comparison with nine months domestic revenue of 1391 and only 1 percent in comparison with twelve months domestic revenue of 1391. According to 1391 budget document, MoF should have targeted AFA 133.876 billion (USD\$ 2.575 billion) domestic revenue for 1392. There is 9 percent decrease in domestic revenue target of 1392 when budget document of 1392 is compared with budget document of 1391. The estimated amount is only 33% of overall budget and 62% of ordinary budget.
- **Donors Assistance** - Donors on budget support is estimated AFA 215.506 billion (USD\$ 4.144 billion) which shows 95% increase in comparison with donors assistance of 1391. While the main difference is because of three months difference between fiscal years of 1391 and 1392, it also shows provision of more on budget support to Afghan government.
- **Operating Budgeting** - Government proposed AFN 196.207 billion (USD\$ 3.773 billion) for the operating budget of 1392 which shows 20 percent increase in comparison with the initial 9 months budget of 1391 but 4% decrease in comparison with 1391 budget of 12 months.
- **Development Budget** - The proposed development budget for the year 1392 is AFN 170.028 billion (USD\$ 3.270 billion), which indicates 47 percent increase in comparison with 1391 nine months budget. The increment in development budget beside 12 months fiscal year is also associated to increased donors on budget support mainly for security sector through CSTC-A for professionalization and equipment for Afghan military and police.

Table below is 1392 budget sectors allocation for both Ordinary and Development budgets

1392 National Budget Sector Allocations							
N O	SECTORS	In (000) Dollars			Total %	% Ordinary budget	% Developmen t Budget
		Ordinary Budget	Development Budget	Total			
1	Security	2,154,321	636,353	2,790,674	39.6%	57%	19%
2	Infrastructure and Natural Resources	62,167	1,039,094	1,101,261	15.6%	2%	32%
3	Education	654,803	407,819	1,062,622	15.1%	17%	12%
4	Agriculture and Rural Development	39,163	638,842	678,005	9.6%	1%	20%
5	Good Governance	213,200	85,241	298,441	4.2%	6%	3%
6	Health	65,305	202,582	267,886	3.8%	2%	6%
7	Economic Development	53,609	140,212	193,820	2.8%	1%	4%
8	Social Protection	44,530	23,272	67,802	1.0%	1%	1%
9	Other codes including Contingency code	486,123	96,351	582,474	8.3%	13%	3%
	TOTAL	3,773,221	3,269,766	7,042,985	100%	100%	100%

3.2. Comparison with 1391 Allocations

There has been 20 percent increase in allocation of 1392 ordinary budget in comparison with 9 months budget of 1391 and 4 percent decrease in comparison with presumed 12 months budget of 1391. There is increase in several sectors budget except the infrastructure and natural resources, governance and human rights, economic development sector and contingency (Ihtyad codes) which shows significant decrease in comparison with 12 months presumed projections of 1391 budget or the actual 9 months. The table below compares sector allocations of 1392 budget for ordinary budget in comparison with the actual 9 months and ¹presumed 12 months of 1391 budget allocations. The budget allocations for 1391 in the table below are obtained from the latest expenditure report of MoF's website.

¹ 9 months budget/revenue plus 25% = presume 12 month's budget/revenue.

1392 ORDINARY BUDGET ALLOCATIONS COMPARISON WITH 1391 AS OF 03 NOVEMBER 2012 - THOUSAND \$					
SECTORS AND INDUSTRIES	1391 ALLOCATION (9 MONTHS)	1391 ALLOCATION (12 MONTHS ASSUMPTION)	1392 ALLOCATION	DIFFERENCE WITH 9 MONTHS	DIFFERENCE WITH 12 MONTHS
Security Sector	2,009,040	2,511,300	2,154,321	7%	-14%
Infrastructure and Natural Resources	63,860	79,825	62,167	-3%	-22%
Education Sector	462,320	577,900	654,803	42%	13%
Agriculture and Rural Development Sector	28,160	35,200	39,163	39%	11%
Governance, Human Rights and Rule of Law Sectors	179,600	224,500	213,200	19%	-5%
Health Sector	41,760	52,200	65,305	56%	25%
Economic Governance Sector	137,120	171,400	53,609	-61%	-69%
Social Protection Sector	174,820	218,525	44,530	-75%	-80%
Total of Sectors	3,096,680	3,870,850	3,287,098	6%	-15%
Contingencies	55,860	69,825	486,123	770%	596%
General Total	3,152,540	3,940,675	3,773,221	20%	-4%

There is significant increase in development budget with 71 percent increase in comparison with 9 months development budget and 37% in comparison with presumed 12 months budget of 1391. Within the sectors, there is massive infusion of assistance in security, which constitutes more than 53 percent however instead the development budget for infrastructure and social sectors is decreased. While the government has managed to attract significant on budget support for security sector, for two of the non-security sectors, on budget support is has massively decreased. The table below shows 1391 development budget allocations for sectors in comparison with 1392. It is worth mentioning that the latest sector allocations of

the development budget for 1391 fiscal year are taken from the latest expenditure report of MoF.

1392 DEVELOPMENT BUDGET ALLOCATIONS COMPARISON WITH 1391 AS OF 03 NOVEMBER 2012 - THOUSAND \$					
Sectors and Ministries	1391 Allocation (9 months)	1391 Allocation (12 Months Assumption)	1392 Allocation	Difference with 9 months Allocation	Difference with 12 months allocation
Security Sector	19,900	24,875	636,353	3098%	2458%
Infrastructure and Natural Resources	875,500	1,094,375	1,039,094	19%	-5%
Education Sector	207,670	259,588	407,819	96%	57%
Agriculture and Rural Development Sector	450,700	563,375	638,842	42%	13%
Governance, Human Rights and Rule of Law Sectors	61,180	76,475	85,241	39%	11%
Health Sector	141,200	176,500	202,582	43%	15%
Economic Governance Sector	94,000	117,500	140,212	49%	19%
Social Protection Sector	22,300	27,875	23,272	4%	-17%
Total of Sectors	1,872,450	2,340,563	3,173,415	69%	36%
No allocated	41,100	51375	96,351	134%	88%
General Total	1,913,550	2,391,938	3,269,766	71%	37%

3.3. Comparison with 1391 Expenditures

Afghanistan is a state in transition which involves not only military but also political and economical transition. The year 1391 budget execution has been higher than last year, but still has missed quarterly fiscal targets. Changes to the budget calendar and prolonged parliamentary discussions have shortened the time frame for the execution of 1391 year's national budget and made it challenging for the lines ministries to meet fiscal targets. These under expenditures are reported at the times when after Tokyo conference, President issued a decree mentioning budget execution as one of the indicators for evaluating ministries' performance.

While the table below shows 65 percent of execution of ordinary budget as of 03 November 2012, it also shows that 91 percent of ordinary budget is being allotted. ACTA is quite sure that more than 90 percent of ordinary budget will be spent till end of year since the expenditure reports of previous years shows large portion of budget expenditure in the last quarter or three months of the year. This raises serious question on quality and accountability of spending vis-via quality of services delivered.

**Report of Sector Allotments and Expenditure of Ordinary Budget from as of 03
November 2012 (Thousand \$)**

Sectors and Ministries	Approved Budget	Allotments	Expenditure		% Expenditure
Security Sector	2,009,040	1,840,980	1,214,800	92%	60%
Governance, Human Rights and Rule of Law Sectors	178,600	177,860	131,580	100%	74%
Infrastructure and Natural Resources	63,860	63,040	45,200	99%	71%
Education Sector	462,320	423,460	340,420	92%	74%
Health Sector	41,760	36,200	25,220	87%	60%
Agriculture and Rural Development Sector	28,160	27,360	20,640	97%	73%
Social Protection Sector	164,820	164,460	125,941	100%	76%
Economic Governance Sector	137,120	136,720	122,640	100%	89%
Total of Sectors	3,085,680	2,870,080	2,026,441	93%	66%
Contingencies	55,860				
General Total	3,141,540	2,870,080	2,026,441	91%	65%

Below table presents the expenditure as of 03 November 2012 of development budget.

Budget, Allotments and Expenditure of Development Budget As of 03 Nov (Thousand Dollar)					
Sectors and Ministries	Approved Budget 1391	Allotments 1391	Expenditure 1391	Allotment Percentage 1391	Expenditure Percentage 1391
Security Sector	19,915	8,491	6,459	43%	32%
Governance, Human Rights and Rule of Law	61,180	19,305	14,222	32%	23%
Infrastructure and Natural Resources	875,503	459,247	322,846	52%	37%
Education Sector	207,672	71,178	46,137	34%	22%
Health Sector	141,211	83,479	54,689	59%	39%
Agriculture and Rural Development Sector	450,697	281,556	187,526	62%	42%
Social Protection Sector	22,316	14,265	9,599	64%	43%
Development of Economics and Private Sector	93,998	47,299	29,040	50%	31%
Total of All Sectors	1,872,493	984,819	670,518	53%	36%
Not Allotment	41,100				
General Total	1,913,593	984,819	670,518	51%	35%

3.4. Sector and Provincial Distributions

Fair distribution of budget among the sectors has always been a challenge due to heavy budget for security sector and the coming transition will make it more difficult since more on budget support will be provided for security sector. Likewise last year, 55.3 percent of the operating budget is allocated to security sector covering MoI, MoD and NDS.

ACTA is very concerned about allocation of both ordinary and development budget resource to health sector which is significantly low. The allocations of national budget to health sector show absolute dependency of Afghan government on donors for provision of basic health services.

Below is the list of four top ministries with 70 percent allocations of the ordinary budget. More than 55% of ordinary budget is spent on security sector. Ministry of Education is the only non-security sector ministry, which has managed to secure good amount of resources from ordinary budget. Below is the list of top four budgetary units, which are having more than 70 percent of ordinary budget. Except these no other budgetary units have more than 2 percent of the ordinary.

Budgetary Units with Higher Proportion in Ordinary Budget 1392			
No	Budgetary Units	1392	% from Ordinary Budget
		In Thousand \$	
1	Ministry of Defense	1,098,221.90	29.10%
2	Ministry of Interior	800,024.47	21.20%
3	Ministry of Education	569,076.40	15.10%
4	National Directorate of Security (NDS)	188,321.65	5.00%
Total of Four Budgetary Units		2,655,644.42	70.40%

Distribution of development budget among the security and non security institutions seems much fair than the ordinary budget. This is mainly because unlike ordinary budget, donors' assistance for security institutions development are not provided through the national development budget.

As demonstrated below, more than 85 percent of development budget is allocated for 6 budgetary units. Ministry of Health Public Health is luckily also amongst these institutions however is still at the bottom of the list with 6.1 percent of development budget allocation

Budgetary Unit with More than 5% of Development Budget			
No	Ministries	1392	% from Development Budget
		In Million Dollars	
1	Ministry of Defense	413,292.7	28.5%
2	Ministry of Rural Rehabilitation and Development	235,760.0	16.3%
3	Ministry of Interior	192,514.3	13.3%
4	Ministry of Education	167,026.0	11.5%
5	Ministry of Public Work	139,300.0	9.6%
6	Ministry of Public Health	88,438.0	6.1%
Total of six Ministries		1,382,701.0	85.3%

4. Budget Analysis against Key Indicators

Thorough review of national budget with the short amount of time is really an impossible target to achieve. ACTA therefore decided on some set of key indicators to review the budget based on those key indicators and provide our group's view and recommendations about.

Following are the indicators set by ACTA along with our findings and recommendation from the budget document.

4.1. Tokyo Mutual Accountability Framework

The Tokyo conference is still an important event for government and people to remember. The USD\$ 16 billion assistance was pledged for transparent and accountable execution of National Priority Programs, which was presented by the Afghan government to the international community as well as combating corruption. With regard to NPPS, the 1392 national budget document makes no reference statistically or fiscally to the programs except in a general statement that "budget was developed in view of NPPS." In the case of combating corruption, there is not even a general statement that government will combat corruption in budget execution process except that around USD\$ 891,750 from discretionary fund is allocated for construction of a building for the High Office of Anti Corruption. In the budget document, under 1391 major achievements, it is mentioned that 3,000 asset declaration forms are filled by government officials and only 93 of them are published after evaluation. In the major targets of 1392 there is not even one single target for combating corruption. ACTA is very concerned that once again both the Afghan government and international community may forget about their commitments of Tokyo conference which will jeopardize the transformation decade of Afghanistan towards a self reliance state "a term which has once again made Afghan people optimistic about their future"

Recommendation: Afghan government and international community should deliver on their commitments of Tokyo conference. It is therefore highly recommended that **Afghan government** should develop the national budget based on the national priority programs of Tokyo and outline a clear strategy on combating corruption in budget execution. Instead of construction of a building, it is recommended that MoF allocate resources for High Office of Anti Corruption for carrying actual combating corruption activities. **International Community** should increase on budget support but conditional to incorporation of national priority programs in national budget and a clear strategy outlined by government for combating corruption in budget execution process. **Parliament** should also make approval of national budget conditional to the mentioned recommendations. Otherwise there will be no mechanism to monitor implementation of Tokyo Mutual Accountability Framework agreed by both Afghan government and international community.

4.2. Resource Allocation to Sectors/Ministries and Provinces

Program budget and provincial budget are two very important initiatives taken Ministry of Finance however the current budget makes no mention of these two initiatives. While there

is information on allocation of resources to ministries projects, there is no information on distribution of resources to provinces. On the other hand while the ordinary and development allocations are quite good for education ministry, allocation of resources from both budget is still very low for health ministry. ACTA review team understands that health services are provided by implementation partners through external budget but how to ensure sustainability of these services beyond 2014 is a big concern to ACTA.

***Recommendation** - Afghan government should make implementation and expansion of program and provincial budgeting of high priority and require all budgetary units to submit their year 1393 budgets based on their programs especially the National Priority Programs approved in Tokyo Conference and the information management systems of both Budget Departments and Treasury should be revised to provide central, provincial and district level statistics on ministries budgets and expenditures. Both the Afghan government and international community should develop estimation of health basic services and develop a strategy for shifting off budget support to on budget support for health basic services so that Ministry of Public Health like the Ministry of Education assume the responsibility of provision of basic health services to citizens which will also reduce lots of overhead and administrative cost of implementing partners. Parliament should approve the national budget conditional to implementation of these recommendations*

4.3. Gender Based Budgeting

While ACTA praised government efforts for provision of gender segregated data at least for four ministries last year and was hoping the initiative will expand to all budgetary units this year, MoF besides not expanding the initiative to other budgetary units has also not provided gender segregated data for the initial budgetary units. The 1392 national budget is not only gender blind in provision of sex disaggregated data and budget but also lack any information on the gender budgeting perspective reflecting on assigning budget based on NAPWA indicators. Gender Responsive Budgeting is an issue that most of women's activists have advocated for it for very long time and there are several international donors and organizations who are providing training to ministry of finance staff on gender responsive budgeting. This is quite surprising that beside all these advocacies and trainings, Ministry of Finance has paid no attention to Gender Responsiveness of budget at all. Furthermore it was promised by both current and former Ministers of Finance to women rights activists that until MoF is able to provide gender segregated budget and expenditure reports, MoF will allocate discretionary fund for women empowerment in the national budget. The 1392 budget does not have any budget line as such.

***Recommendations:** Ministry of Finance should develop a gender responsive budget and also allocate discretionary fund for women empowerment. The donors and organizations, which are providing technical assistance to MoF in the field of Gender Budgeting should seriously review the effectiveness of their programs and provide the assistance to MoF based on their needs and interest. The International Community should ensure MoF is spending their resource to address the needs of both men and women. Parliament especially women MPs and women commission should ask MoF for revision of budget and making it gender responsive. Women's rights organizations and activists are requested to join ACTA in its advocacy for making the national budget more gender responsive.*

4.4. Domestic Revenue Collection

As mentioned above, the domestic revenue target for 1392 is of a big concern for ACTA since there is only once percent increase from 1391 to 1392 domestic revenue targets. Furthermore in 1392 budget document the revenue target for 1392 is 9% less than the revenue target mentioned for 1392 in budget document of 1391. It is worth mentioning that this decrease in target is happening when USD\$ 55 million from two new sources (Mess Aynak and Choob Kunar) are also included in the estimated domestic revenue. ACTA also noticed that there is not a system whereby, Mostofiyats and provincial revenue departments are linked with the central bank for monitoring and reporting daily revenue collections. This is a lope hole for corruption and embezzlement and thus ACTA calls upon IMF and MoF for urgently establishment of this reporting mechanism.

The economic sector of national budget has set several targets for year 1392 to achieve however there is no target for improving revenue collection and combating corruption in revenue collection and reporting processes, which is a serious issue.

***Recommendation:** Ministry of Finance should seriously carry an assessment of country's current domestic revenue capability and evaluate its capacity and performance in collection of those revenues since there are opinions that if revenues are properly collected, it can fully fund the ordinary budget. Donors and parliament are recommended to review government budget document and demand for higher revenue target for 1392 and the years after. Civil society is also encouraged to carry studies on country's capacity and not only assess capacity of ministries in revenue collection but also monitor and watchdog the process.*

4.5. Budget Fiscal Sustainability beyond 2014

Progress towards fiscal sustainability (i.e. domestic revenues fully covering operating expenditures) has fallen far behind earlier expectations, though it improved in 2009/10. The indicator deteriorated from 66 percent in 2007/08 to 60 percent in 2008/09 due to the combination of lower revenues and higher operating expenditures, then it improved to 72 percent in 2010 but once again lowered to 67% in the fiscal year 1391 (2012). Significant upward of security expenditures is the main cause for the deterioration. Key risks affecting future fiscal sustainability are collection of domestic revenues; further increase in security sector expenditures; implementation of Pay and Grading (P&G) reforms and increase in government Tashkeel.

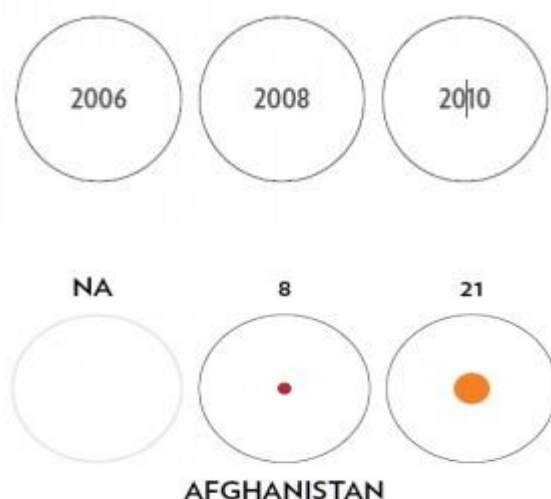
As budget documents are observed, while the domestic revenue is not making promising progress, both the ordinary and development budgets are increasing. There has been continuous increase in government Tashkeel every year. Fiscal sustainability of the budget and self-sufficiency of government even for ordinary is going to be very challenging if this trend continues. There is a huge increase in government Tashkeel every year mainly for security and education sectors that will gradually get paid according to new pay and grading scheme.

***Recommendation:** ACTA highly recommend that the Ministry of Finance and Independent Reform and Civil Service Commission review human resource needs of the governmental*

agencies and adjust government's Tashkeel based on the needs taking into account public fiscal sustainability.

4.6. **Afghanistan Status on the Open Budget Index**

Afghanistan's OBI score increased from 8 in the 2008 Survey to 21 in 2010, a jump of 13 points. This improvement is a result of the government's decision to disclose budget information not previously published, including the Mid-Year Review and the Audit Report. Since 2002 several donors have worked closely with the Ministry of Finance and provided technical assistance to help the government manage donor funds more effectively and in a more transparent manner. For instance, the government used the World Bank's support to install and operate the Afghanistan Financial Management Information System. Furthermore, this year the budget was submitted to the parliament as initially planned in the budget preparation schedule despite shorter than other years due to shorter fiscal year.



***Recommendation:** ACTA recommend that Afghanistan still should improve its figures in OBI. ACTA suggest that **Ministry of Finance** should still improve on sharing and developing Pre-Budget Statements, Executive Budget Proposals, and Citizen Budget. In addition, both **MoF and line ministries** should engage civil society in the center and province in budget planning process.*

4.7. **Consultations**

While Ministry of Finance do conduct from time to time consultations meetings with civil society and provinces. However National Budget specific consultations in the center and provinces should be carried out by lines ministries and their departments, which should be one of the requirements of Ministry of Finance in the Budget Preparation Circular.

- **Civil Society** – Since ACTA is a coalition with the aim to partner with government for improving governance, ACTA initiated budget consultations with sector specific civil

society organizations using Education and Health sectors as entry point. ACTA conducting several round of budget consultation meetings with the aim to start involvement of civil society in the budget planning and execution processes. ACTA invited the sector specific civil society organizations, which are working in the field of Health and Education. Both MoPH and MoE presented a brief on their proposed budget for FY 1392 to civil society and civil society organizations presented their recommendations. Furthermore the recommendations were shared with ministries of public health and education and relevant committees of parliament.

- **Provincial** – For provincial consultations, ACTA found out that line ministries do not prepare their provincial budgets when they submit their proposed budget to MoF except filling simple forms of distributing resources to provinces. ACTA team still traveled to three provinces (Balkh, Herat and Nangarhar) and interviewed head of education health and women’s affairs department, some members of provincial councils and a group of civil society to find out their role and view about their provincial budget. ACTA during all these interviews and group discussions found out that line ministries do not consult provinces at all during their budget preparation. Furthermore budget consultations at the provincial level is not happening at all

Recommendations: Ministry of Finance should include budget consultations in the center and provinces as one of the requirements in the budget preparation circular which will further improve of score of Afghanistan in Open Budget Index. Furthermore government will never be able to have people’s satisfaction if they are not part of the process. It is therefore highly recommended that line ministries conduct consultation with provinces and civil society in budget planning process and take into their recommendations for national budget.

4.8. Service Delivery

While the budget speaks on achievements of every sector such as distribution of 3G license to communication companies, construction of buildings for state institutions etc, quality service delivery to citizens which is the primary aim of national budget is absolutely missing from agenda of the government.

Recommendation – Ministry of Finance should require ministries to come up with targets for improving public service delivery so the national budget could serve its primary purpose of effective service delivery. Civil Society Organizations should establish mechanisms for monitoring of ministries service delivery for helping the government in improving governance.

5. Other Findings

5.1. Budget Instruction Review

The Article 23 of budget instruction says that any project not implemented for two years will be deleted from list of projects of ministries without discussing importance of projects or holding ministries accountable for not implementing the projects

***Recommendation** – Instead of removing projects from line ministries’ budget regardless of their importance, **Ministry of Finance** should hold line ministries accountable for not implementing the projects and should submit report about such cases to parliament and **Parliament** should call the ministers of relevant ministries in parliamentary sessions to submit their justifications. Ministries should not be punished because of poor performance of their leaders and staff.*

5.2. Contingency Code (Ityad)

From this code AFA 800 million is allocated for policy formulation with no details. Furthermore from the same code AFA 52 million is allocated for national cricket team on the top of the budget for National Olympic.

***Recommendation** – ACTA highly recommends **that Ministry of Finance** do incorporate detail of such allocations in budget document with justification of such allocations.*

5.3. Role of Parliament

ACTA has observed that parliament is using the national budget more as a political tool to pressure the government rather than voicing concerns of their constituencies and demanding incorporation of activities to response to the needs of their constituencies. Furthermore most of MPs are asking are asking for funding of projects specifically from their villages.

***Recommendations:** Parliamentarians should be begin reviewing and approving the budget based on macroeconomic interest of Afghanistan and pay more attention to sectors and provincial distribution than their own small village projects. Furthermore monitoring budgets execution is as important as the planning is. It is therefore also recommended that parliament and civil society should joint hand in monitoring execution of budget at the provincial level and ensure transparent, efficient and effective service delivery by state institutions*